

with associate companies. Items that do not bear a specified due date but that have been carried for more than twelve months and items that are not paid within twelve months from due date must be transferred to account 123, Investment in associate companies (§367.1230).

(b) On the balance sheet, accounts receivable from an associate company may be set off against accounts payable to the same company.

(c) The face amount of notes receivable discounted, sold or transferred without releasing the service company from liability as the related endorser, must be credited to a separate sub-account of this account and appropriate disclosure must be made in financial statements of any contingent liability arising from the transactions.

§ 367.1520 Account 152, Fuel stock expenses undistributed.

The service company must utilize this account, where appropriate, to include the cost of service company labor and of office supplies used and operating expenses incurred with respect to the review, analysis and management of fuel supply contracts or agreements, the accumulation of fuel information and its interpretation, the logistics and handling of fuel, and other related support functions, as a service to the company engaged in the procurement and transportation of fuel. This account must be maintained to show the expenses attributable to each company through its cost allocation system. All expenses of a service company's fuel department or functions must be cleared through this account.

§ 367.1540 Account 154, Materials and operating supplies.

(a) This account must include the cost of materials purchased primarily for use in the service company business for construction, operation and maintenance purposes. It must include the book cost of materials recovered in connection with construction, maintenance or the retirement of service company property, the materials being credited to construction, maintenance or accumulated depreciation provision, respectively. This account must include the following items:

(1) Reusable materials consisting of large individual items must be included in this account at original cost, estimated if not known. The cost of repairing the items must be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the related final abandonment or sale) cannot be ascertained without undue refinement in accounting, must be included in this account at current prices new for the items. The cost of repairing the items must be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and non-usable materials included in this account must be carried at the estimated net amount realizable. The difference between the amounts realized for scrap and non-usable materials sold and the net amount at which the materials were carried in this account, as far as practicable, must be adjusted to the accounts credited when the materials were charged to this account.

(b) Materials and supplies issued must be credited in this account and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first-out, or any other method of inventory accounting that conforms with accepted accounting standards consistently applied.

(c) This account must include the following items:

(1) Invoice price of materials less cash or other discounts.

(2) Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.

(3) Customs duties and excise taxes.

(4) Costs of inspection and special tests prior to acceptance.

(5) Insurance and other directly assignable charges.

(d) Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they may be charged to a stores expense clearing account (account 163, Stores expense undistributed (§367.1630)), and